



APR 2 2013

Duncan Anderson  
President  
Fortis Institute  
5026 D Campbell Boulevard  
Baltimore, MD 21236

Certified Mail  
Return Receipt Requested  
7006 2760 0002 1694 1069

RE: **Final Program Review Determination**  
Fortis Institute, Wayne, NJ  
OPE ID: 02132300  
PRCN: 201120227434

Dear Mr. Anderson:

The U.S. Department of Education's (Department's) School Participation Division – New York/Boston issued a program review report on May 31, 2012 covering Fortis Institute's (Fortis) administration of programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2009/2010 award year. The institution's final response was received on August 1, 2012.

The School Participation Division – New York/Boston has reviewed Fortis' responses to the Program Review Report. A copy of the program review report (and related attachments) and Fortis' response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by Fortis upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

**Purpose:**

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings of this program review report, (2) provide instructions for payment of liabilities to the Department, (3) notify the institution of its right to appeal, and (4) close the review.

**Federal Student Aid**   
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Federal Student Aid, School Participation Division - New  
York/Boston  
32 Old Slip, 25<sup>th</sup> Floor, New York, NY 10005  
StudentAid.gov

**Record Retention:**

Program records relating to the period covered by this program review must be retained until the later of: the resolution of the loan(s), claim(s) or expenditure(s) questioned in the program review [34 C.F.R. § 668.24(e) (3) (i)] or the end of the retention period applicable to the record [34 C.F.R. § 668.24(e) (1) and (e) (2)].

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please call Gloria T. Green at (646) 428-3741.

Sincerely,

(b)(6)

Betty Coughlin  
Director

Enclosure: Program Review Report (with attachments)  
Fortis Response to the Program Review Report

cc: Latacha Townes, Financial Aid Administrator  
New Jersey Department of Education  
New Jersey Department of Labor and Workforce Development  
Accrediting Bureau of Health Education Schools

bcc: Reading file, Correspondence file, Chris Curry, Gloria Green, ERM

Prepared for  
**Fortis Institute**



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OPE ID 02132300  
PRCN 201120227434

Prepared by  
U.S. Department of Education  
Federal Student Aid  
School Participation Division – New York/Boston

# Final Program Review Determination

APR 2 2013

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**A. Institutional Information**

Fortis Institute  
201 Willowbrook Boulevard  
Suite 200  
Wayne, NJ, 07470

Type: Proprietary

Highest Level of Offering: Non-Degree 1 Year (900-1799 hours)

Accrediting Agency: Accrediting Bureau of Health Education Schools

Current Student Enrollment: 444 (2011)

% of Students Receiving Title IV, HEA funds: 75% (2011)

Title IV, HEA Program Participation (PCNet):

	2011-12
Federal Pell Grant	\$2,692,136
William D. Ford Federal Direct Loan Program (Subsidized)	\$2,417,312
William D. Ford Federal Direct Loan Program (Unsubsidized)	\$2,972,251
William D. Ford Federal Direct Loan Program (PLUS)	\$ 502,245
Federal Supplemental Educational Opportunity Grant (FSEOG)	\$ 56,824
Federal Work Study (FWS)	\$ 49,865

Default Rate FFEL/DL: 2010: 7.0%  
2009: 8.1%  
2008: 6.6%

## **B. Scope of Review**

The U.S. Department of Education (the Department) conducted a program review at Fortis Institute (Fortis) from February 23, 2011 to February 25, 2011. The review was conducted by Gloria Green and Ebony Foy.

The focus of the review was to determine Fortis' compliance with the statutes and regulations as they pertain to the institution's administration of the Title IV, HEA programs. The review consisted of an examination of Fortis' policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 15 files was identified for review from the 2009/10 award year. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names and social security numbers of the students whose files were examined during the program review. A program review report was issued on May 31, 2012.

### **Disclaimer:**

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Fortis' specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve Fortis of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

## **C. Findings and Final Determinations**

### **Resolved Findings with Comments**

The following program review findings have been resolved by the institution, and may be considered closed. These findings are included solely for the purpose of discussing resolution of the finding.

#### **Finding #1 - Incomplete Verification**

*Citation Summary: 34 C.F.R. § 668.54(a)(2) states that an institution shall require each applicant whose application is selected for verification to verify all the applicable items specified in 34 C.F.R. § 668.56. In addition, 34 C.F.R. § 668.56 states that an institution shall require an*

*applicant selected for verification to submit acceptable documentation as described in 34 C.F.R. § 668.57 that will verify or update the information used to determine the applicant's EFC.*

***Noncompliance Summary:*** Fortis failed to accurately verify necessary information required during the verification process for Student #10.

***Required Action Summary:*** Fortis was required to determine the accurate number of family members in the household enrolled in postsecondary institutions. Resolution of this finding was required as part of the resolution of Finding #2.

***Fortis' Response:*** Fortis Institute agrees in part with the finding. Fortis agrees that student #10's verification worksheet could have more clearly documented the number of family members in college. However, the Institute was not required to verify the number in college according to the Department's Verification Guide based on the following two exemptions: 1) The Institute received the student's ISIR within 90 days of the date that the student's FAFSA application was signed and 2) Both family members were enrolled on a least a half time basis at the Institute at the time the FAFSA and verification were completed.

***Final Determination:*** The review team did not find any annotation in Student #10's file indicating Fortis made a determination of the applicability of a verification exemption prior to the disbursement of Title IV funds.

Since Fortis did collect a verification worksheet and the number in college on the worksheet did not match the number in college on the ISIR, Fortis was required to resolve the conflicting information. As noted in the 2010-2011 Federal Student Aid Application and Verification Guide "Except in the case of the student's death, none of the exemptions excuse you from the requirement to resolve conflicting information."

At the time Fortis verified Student #10's file, the institution failed to resolve the conflict regarding the reported number of family members in college. The resolution of this finding is part of Finding #2 below.

## **Finding #2 - Conflicting Information**

***Citation Summary:*** Institutions are required to develop an adequate system to ensure consistency of information related to a student's application for Federal student aid, regardless of the source of the information. The institution is responsible for reconciling all information received. 34 C.F.R. § 668.16.

***Noncompliance Summary:*** Fortis chose to exercise professional judgment for Student #10 and obtained an institutional "Income Review Request Form." Fortis staff did not

*ensure the form was properly completed and as a result used the incorrect projected year income when recalculating the student's EFC.*

**Required Action Summary:** *Fortis was required to resolve the conflicting information in the student's file regarding the projected year income and the number in college referenced in Finding #1. The institution was required to perform needs analysis to confirm the student's eligibility for the Title IV program funds he received.*

**Fortis' Response:** *Fortis agrees in part with the finding. Fortis agrees that student #10's "Income Review Request Form" was not properly completed, however, the Institute believes the documentation in the student's file regarding the changes to his parents' 2008 total income and the school's revised estimate of 2009 income are supported by convincing evidence that the reduction of his parent's income by eliminating the one-time 401k distribution and retroactive disability payment was justified.*

*Student #10's father, Jose, received a one-time 401k distribution of \$33,797.00 and one-time retroactive social security disability payments of \$41,479.00. The intent of the Professional Judgment for Student #10 was to exclude both one-time payments from the calculation of the student's EFC for 2009/2010 and to use 2009 income information to calculate the EFC. The funds withdrawn from the 401K retirement plan were used to pay a compromised debt. The Social Security Disability income was a retroactive payment to student #10's father from 2003.*

**Final Determination:** Fortis confirms the "Income Review Request Form" was improperly completed. The error made when completing the "Income Review Request Form" resulted in Fortis' use of inaccurate projected year parental income when recalculating student # 10's EFC. The finding addresses the amount of projected year income used in the analysis not the institution's decision to exercise professional judgment.

The Department offered no opinion of Fortis' decision to exercise Professional Judgment for Student #10 or of how they chose to exercise their professional judgment. The finding solely addresses the use of inaccurate projected year income used in determining the student's projected year EFC.

Fortis' recalculation of the student's EFC using the accurate projected year parental income and number in college from Finding #1 did not result in a change to the student's EFC. Therefore this in no liability associated with this finding.



### **Finding #3 - Failure to Provide Full Program as Approved**

**Citation Summary:** *The application Fortis submitted to the Department specified the educational programs they would offer consistent with 34 C.F.R. 600.20. Changes to the scope of the educational programs made after their initial application was approved by the Department would require submission to the Department for approval 34 C.F.R. §§ 600.10(c), 600.20(c).*

**Noncompliance Summary:** *All programs offered by Fortis were approved with an Externship component. The Externship component is intended to provide students with actual work experience in a business setting. However, the reviewers identified students who completed their Externships onsite at the school.*

**Required Action Summary:** *Fortis was required to obtain documentation from the State of New Jersey that the practice of offering Externships onsite was an acceptable method of delivery.*

**Fortis' Response:** *Fortis contacted the New Jersey Department of Education and received the following response: "The State of New Jersey views externships as opportunities for students to apply learned skills in the workplace with hopes of gaining experience and perhaps a position. When a student requests and agrees to an internship/externship to be delivered at the school site the State of New Jersey would agree to this contract provided the school has the resources to deliver an externship experience internally. Fortis does meet the criteria under the conditions that Mrs. Mahoney agreed to."*

**Final Determination:** *Fortis obtained confirmation from the New Jersey Department of Education that their practice of permitting students to complete their Externship onsite at the school was acceptable.*

In addition, Student #7 had a unique set of circumstances in that she was interested in securing work experience in an academic environment in order to obtain employment as a lab assistant at a college or university. In this limited instance, Fortis did have the resources to deliver the externship internally.

While Fortis acknowledges offering externships onsite in a limited number of cases between 2008 and 2009 due to extenuating circumstances, they have since discontinued this practice.

## APPENDIX A

A – 1

<u>LAST NAME</u>	<u>FIRST NAME</u>	<u>SSN</u>
(b)(6); (b)(7)(C)		

## APPENDIX B: Program Review Report



MAY 31 2012

Duncan Anderson  
President  
FORTIS Institute  
5026 D Campbell Boulevard  
Baltimore, MD 21236

Certified Mail  
Return Receipt Requested  
7006 2760 0002 1693 9585

RE: **Program Review Report**  
**OPE ID: 021323**  
**PRCN: 201120227434**

Dear Mr. Anderson:

From February 23, 2011 through February 25, 2011, Gloria Green and Ebony Foy as representatives of the U.S. Department of Education conducted a review of FORTIS Institute's (FORTIS) administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). The findings of that review are presented in the enclosed report.

Findings of noncompliance are referenced to the applicable statutes and regulations and specify the action required to comply with the statute and regulations. Please review the report and respond to each finding, indicating the corrective actions taken by FORTIS. The response should include a brief, written narrative for each finding that clearly states FORTIS' position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative, FORTIS must provide supporting documentation as required in each finding.

Please note that pursuant to HEA section 498A (b), the Department is required to:

- (1) provide to the institution an adequate opportunity to review and respond to any preliminary program review report<sup>1</sup> and relevant materials related to the report before any final program review report is issued;
- (2) review and take into consideration an institution's response in any final program review report or audit determination, and include in the report or determination –
  - a. A written statement addressing the institution's response;
  - b. A written statement of the basis for such report or determination; and
  - c. A copy of the institution's response.

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<sup>1</sup> A "preliminary" program review report is the program review report. The Department's final program review report is the Final Program Review Determination (FPRD).

Federal Student Aid, School Participation Team – New York/Boston  
32 Old Slip, 25<sup>th</sup> Floor  
New York, NY 10005  
[www.FederalStudentAid.ed.gov](http://www.FederalStudentAid.ed.gov)

The Department considers the institution's response to be the written narrative (to include e-mail communication). Any supporting documentation submitted with the institution's written response will not be attached to the FPRD. However, it will be retained and available for inspection by FORTIS upon request. Copies of the program review report, the institution's response, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after the FPRD is issued.

The institution's response should be sent directly to Gloria Green of this office within 30 calendar days of receipt of this letter.

**Protection of Personally Identifiable Information (PII):**

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, each finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample. The appendix was encrypted and sent separately to the institution via e-mail. Please see the enclosure Protection of Personally Identifiable Information for instructions regarding submission to the Department of required data / documents containing PII.

**Record Retention:**

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. § 668.24(e).

We would like to express our appreciation for the courtesy and cooperation extended during the review. Please refer to the above Program Review Control Number (PRCN) in all correspondence relating to this report. If you have any questions concerning this report, please contact Gloria Green at 646.428.3741 or Gloria.Green@ed.gov.

Sincerely,

(b)(6)

Christopher Curry  
Team Leader

cc: Latacha Towns, Financial Aid Administrator

Enclosure:

Protection of Personally Identifiable Information  
Program Review Report

bcc: Reading file, School file, Correspondence, Gloria Green, Ebony Foy, ERM

Prepared for  
**FORTIS Institute**

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START HERE  
GO FURTHER  
FEDERAL STUDENT AID

**OPE ID 021323**  
**PRCN 201120227434**

Prepared by  
**U.S. Department of Education**  
**Federal Student Aid**  
**School Participation Team – New York/Boston**

# Program Review Report

MAY 31 2012

32 Old Slip, 25<sup>th</sup> Floor  
New York, NY 10005  
[www.FederalStudentAid.ed.gov](http://www.FederalStudentAid.ed.gov)

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# **A. Institutional Information**

FORTIS Institute  
201 Willowbrook Blvd, 2<sup>nd</sup> Floor  
Wayne, NJ 07470

Type: Proprietary

Highest Level of Offering: Non-degree 1 year (900-1799 hours)

Accrediting Agency: Accrediting Bureau of Health Education Schools

Current Student Enrollment: 409 (2009/2010)

% of Students Receiving Title IV: 85% (2009/2010)

Title IV Participation Source: Postsecondary Education Participants System:

## 2010/2011 Award Year

Title IV Program	Amount
Federal Pell Grant (Pell)	\$2,355,248
Federal Supplemental Educational Opportunity Grant (FSEOG)	\$60,809
Federal Work-Study (FWS)	\$38,788
William D. Ford Federal Direct Loan Program (Direct Loan)-Subsidized	\$1,940,858
William D. Ford Federal Direct Loan Program (Direct Loan)-Unsubsidized	\$2,366,667
William D. Ford Direct Loan Program (Direct Loan) – PLUS	\$531,191
Federal Family Education Loan Program Stafford-Subsidized	\$7,853
Federal Family Education Loan Program Stafford-Unsubsidized	\$7,963

Default Rate FFEI/DL:	2009	8.1%
	2008	6.6%
	2007	9.2%

## **B. Scope of Review**

The U.S. Department of Education (the Department) conducted a program review at FORTIS Institute (FORTIS) from February 23, 2011 to February 25, 2011. The review was conducted by Gloria Green and Ebony Foy.

The focus of the review was to determine FORTIS' compliance with the statutes and federal regulations as they pertain to the institution's administration of the Title IV, HEA programs. The review consisted of, but was not limited to, an examination of FORTIS' policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and consumer information requirements.

A sample of 15 files was identified for review from the 2009/2010 award year. The student files were selected randomly from the list of students who 1) withdrew or ceased attendance for any reason other than graduation; 2) were selected for verification; and 3) received all non-passing grades ("0" GPA) for any term within the award year being reviewed. Appendix A identifies the students whose files were examined during the program review.

### **Disclaimer:**

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning FORTIS' specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve FORTIS of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

This report reflects initial findings. These findings are not final. The Department will issue its final findings in a subsequent Final Program Review Determination letter.



## C. Findings

During the review, several areas of noncompliance were noted. Findings of noncompliance are referenced to the applicable statutes and regulations and specify the actions to be taken by FORTIS to bring operations of the financial aid programs into compliance with the statutes and regulations.

### Finding 1: Incomplete Verification

**Citation:** *34 C.F.R. § 668.54(a)(2)* states that an institution shall require each applicant whose application is selected for verification on the basis of edits specified by the Secretary, to verify all the applicable items specified in *34 C.F.R. § 668.56*, except that no institution is required to verify the application of more than 30 percent of its total number of applicants for assistance under the Federal Pell Grant, ACG, National Smart Grant, Federal Direct Stafford Loan, campus-based, and Federal Stafford Loan programs in an award year.

*34 C.F.R. § 668.56* states that an institution shall require an applicant selected for verification to submit acceptable documentation as described in *34 C.F.R. § 668.57* that will verify or update the information used to determine the applicant's EFC. The documentation to be verified includes: (a) adjusted gross income (AGI) or income earned from work, for a non-tax filer; (b) U.S. income tax paid; (c) for a dependent student, the number of family members in the household; (d) the number of family members in the household that are enrolled in postsecondary institutions; and (e) Untaxed income and benefits. The verification documentation must be secured and retained in the student's file.

Further guidance is provided in the 2009/2010 *Federal Student Aid Handbook, Application and Verification Guide, Chapter 2*.

**Noncompliance:** Of the 15 files reviewed, 7 were selected for verification. FORTIS failed to accurately verify necessary information required during the verification process in 1 file.

**Student # 10** was not verified properly prior to the disbursement of Title IV funds. The student is a dependent student who reported on his verification worksheet a household size of 5 (himself, his mother, his father, his sister, and his nephew) with 1 in college (himself). His ISIR indicates 2 in college. FORTIS did not accurately verify the number of family members in the student's household that were enrolled in postsecondary institution.

**Required Action:** FORTIS must determine the accurate number of family members in the household that were enrolled in postsecondary institutions prior to exercising

Professional Judgment for this student. Resolution of this finding is required as part of the resolution of Finding 2 below.

## **Finding 2: Conflicting Information**

**Citation:** The ability of an institution to coordinate the information it collects, and to resolve discrepancies are critical elements in an evaluation of administrative capability. The regulation requires institutions to develop an adequate system to ensure consistency of information related to a student's application for Federal student aid, regardless of the source of information. The institution is responsible for reconciling all information received. *34 C.F.R. § 668.16.*

**Noncompliance:** In order to document professional judgment decisions for the 09/10 award year FORTIS developed their own institutional "Income Review Request Form." An "Income Review Request Form" contains four columns. The first column is used to report actual 2008 incomes (parents and or student/spouse), column two is used to report actual 2009 income from 1/1/2009 through the day the form is completed, column three is used to report estimated income from the day the form is completed through 12/31/2009, and column four is used to report the total of columns two and three. Column four, when totaled, would reflect the families expected income for calendar year 2009.

**Student # 10** FORTIS chose to exercise Professional Judgment for this student and obtained an "Income Review Request Form." Column four was never completed by either the student or FORTIS staff. Consequently the student's new EFC was based solely upon column three income (8/12/2009 – 12/31/2009). The first seven months of 2009 were omitted from the calculation. The addition of columns 2 & 3 results in a larger income than was used to calculate the student's EFC.

**Required Action:** FORTIS must resolve the conflicting information present in this student's file including verification of the number in college referred to in Finding #1. The institution must perform all required needs analysis to confirm that the student remains eligible for Title IV program funds that were awarded. If the revised calculation results in an overaward, then this amount will be considered an institutional liability. FORTIS must provide the documentation copies of the recalculation performed in response to this finding and identify any liabilities that result from the recalculation. Instructions for the repayment of liabilities, if any, will be provided in the final program review determination (FPRD) letter.

Additionally, FORTIS must revise its procedures to make certain that instances of conflicting information are identified and resolved prior to the disbursement of Title IV program funds to ensure that students are eligible for the amounts that are disbursed. FORTIS must provide a copy of the revised procedures in response to this finding.

### **Finding 3: Failure to Provide Full Program as Approved**

**Citation:** When an institution applies for Title IV participation, it submits an application to the Department of Education that specifies the educational programs it will offer (*34 C.F.R. § 600.20*). At the time of submission an institution must document it has received approval for its programs from both its accrediting body and its state licensing body. The department relies on these approvals when making its decision to certify an institution to participate in the Title IV programs. Changes to the scope of the educational programs made after an initial application is approved by the Department must be submitted for approval *34 C.F.R. §§ 600.10(c), 600.20(c)*. Once an institution and its programs are deemed eligible by the Department, students enrolled in those programs are eligible for Title IV aid if they meet all other student eligibility requirements.

Prior to the first day of class, a student signs an enrollment agreement that serves as a contract between the student and the institution. The enrollment agreement sets forth the exact educational program for which the student is enrolling and the cost of that program. This includes the number of hours or credits in the program and the number of weeks it will take to complete those hours or credits. If a program contains multiple components, such as classroom hours and externship hours, those specifics are also included in the agreement. By signing the enrollment agreement, a student is contracting for, and agreeing to pay for, the specific program as set forth in the contract.

The enrollment agreement becomes the basis upon which the Department provides payment to the school on behalf of the student. The amount of Title IV aid a student is entitled to receive is based upon, in part, the number of credit hours/credits and weeks contained in the program of study.

**Noncompliance:** All programs offered by FORTIS were approved with Externship components of varying lengths. Externships are included in programs to provide students with actual work experience in a business setting so that they will be prepared for future employment and to enhance the students' marketability when job seeking. All students contracted for these programs with the Externship component, but reviewers found that several students were not placed in Externships outside of the school.

**Student # 7** was unable to complete her Externship offsite due to unusual circumstances and was permitted to complete her Externship at the school. FORTIS staff informed the Department that there have been other instances where this has occurred. FORTIS has failed to provide such students with the full program as approved. They have also denied students the opportunity to experience their chosen career path in an actual work environment.

**Required Action:** Since the number of students identified in this finding is not significant the Department will not require any file review for this finding. However, FORTIS must obtain documentation from the State that offering the Externship component of their programs onsite is an acceptable practice. We are requiring that the documentation be sent to the following address within 30 days of receipt of this letter.

U.S. Department of Education  
Federal Student Aid  
Financial Square  
32 Old Slip, 25<sup>th</sup> Floor  
New York, NY 10005-3534  
Attn: Gloria T. Green

The institution will be apprised of any additional requirements after review of the response to this finding.

#### **D. Recommendations**

During the course of the review two instances of inaccurate counting of days in a module were detected. The number of days originally used to determine the students' eligibility was corrected and the program funds for **Students # 2 and # 7** were immediately returned. Given the multiple programs and number of modules in each program available to FORTIS students the Department recommends FORTIS staff pay very close attention when determining the number of days in a payment period, the number of days in a module and the number of days a student was in attendance.

Additionally, when students change programs it is critical that the enrollment agreement, the student ledger, the transcript and the R2T4, if applicable, all reflect the same data.



# Fortis Institute

201 Willowbrook Blvd. Wayne, NJ 07470  
Phone (973) 837-1818 Fax (973) 837-1840  
www.fortisinstitute.edu

July 31, 2012

Ms. Gloria Green  
Institutional Review Specialist  
Federal Student Aid  
School Participation Team – New York / Boston  
32 Old Slip, 25<sup>th</sup> Floor  
New York, NY 10005

August 1, 2012

RE: Program Review Report  
OPEID: 021323  
PRCN 2011-2022-7434

Dear Ms. Green:

We are in receipt of Mr. Christopher Curry's letter of May 31, 2012 which included the report of the Department's review of Fortis Institute's participation in the Title IV programs conducted February 23 to 25, 2011. In his letter, Mr. Curry requested that we send our response to the findings in the program review report to you. We greatly appreciate the courtesy and guidance that you and Ms Ebony Foy provided to the staff of the Institute during your visit last year.

The following is our response to the three findings in the report:

1. **Incomplete Verification.**

**Finding:** The Review Team found that the Fortis failed to properly verify necessary applicant information for one of the seven verification files selected by the Review Team. Specifically the Reviewers found that Student # 10 was not properly verified prior to the disbursement of his Title IV funds. The Reviewer noted that on the student's ISIR, there were two students in College and on the same student's verification worksheet; only the student himself was identified as being in College, and not his sister, who was also enrolled in Fortis Institute.

**Response:** Fortis Institute agrees in part with the finding. Fortis agrees that student # 10's verification worksheet could have more clearly documented the number of family members in college.

However, the Institute was not required to verify the number in college according to the Department's Verification Guide based on the following two exemptions: 1) The Institute received the student's ISIR within 90 days of the date that the student's FAFSA application was signed and 2) Both family members were enrolled on a least a half time basis at the Institute at the time the FAFSA and verification were completed. [NOTE: The prior regulations state the following at 34 CFR 668.56(b) "If an applicant selected for verification submits an SAR and the institution receives the applicant's ISIR, within 90 days of the date of the application, or if an application is selected for verification under Sec. 668.54(a)(2) [30% tolerance], the institution need not require the applicant to verify- (1) The number of family members in the household; or (2) The number of family members in the household, who are enrolled as at least half-time students in postsecondary educational institutions."]

The attached Exhibits 1 A & B demonstrate that both Student #10 and his sister were enrolled at the Institute at the time that verification was performed. The Institute has maintained this documentation in the student's file.

## 2. Conflicting Information

**Finding:** The Review Team found that the Fortis Institute failed to properly complete its professional judgment form. The form was titled "Income Review Request Form." Specifically the Reviewers found that because the above noted form was not properly completed for Student #10, the Institute's use of Professional Judgment to recalculate Student #10 Expected Family Contribution (EFC) was not justified.

**Response:** Fortis Institute agrees in part with the finding. Fortis agrees that student # 10's "Income Review Request Form" was not properly completed; however, the Institute believes the documentation in the student's file regarding the changes to his parents' 2008 total income and the school's revised estimate of 2009 income are supported by convincing evidence that the reduction of his parent's income by eliminating the one-time 401k distribution and retroactive disability payment was justified.

Student #10's father, Jose, received a one-time 401k distribution in 2008 of \$33,797.00 and one-time retroactive social security disability payments of \$41,479.00. The intent of the Professional Judgment for Student #10 was to exclude both one-time payments from the calculation of the student's EFC for 2009/ 2010 and to use 2009 income information to calculate the EFC.

The funds withdrawn from the 401K retirement plan were used to pay a compromised debt. The Social Security Disability income was a retroactive payment to Student #10's father from 2003. In the Program Review Report, the Department states that incorrect income amounts appearing on the Institute's Professional Judgment calculation form were used and not all columns on the Institute's worksheet form were completed when the Professional Judgment changes were made to the family' income on the ISIR. The incorrect 2009 income updates were made by the Institute to the student's ISIR resulting in a zero EFC.. Subsequent to the review, the Institute re-calculated the parent's income for 2009 based on the documentation in the file, using only the earned income of the mother for the first eight months of 2009 and estimated income for the remaining four months of 2009. The 12 months of payments of Social Security Disability income to the father of Student #10 were not included in the calculation of the EFC based on the 2009/10 FAFSA instructions for question # 95 i which states: "Don't include untaxed Social Security benefits etc...". The revised Professional Judgment calculation did not change the EFC which remained a zero. (See Exhibits: 2A, B & C)

## 3. Failure to Provide Full Program as Approved

**Finding:** The Review Team identified one student who due to unusual circumstances was permitted to complete her Externship Course as a Lab Assistant in the Institute's Bio-Medical Laboratory.

**Response:** Student # 7 started the Institute's Bio Technician program in February 2008. In June 2009 the student started her final course in the program, her Externship Course. The Externship Course is a 180 hour course spanning six weeks. Unfortunately, due to personal reasons, the student withdrew from her final course after completing only 96 of the required 180 hours in the externship.

In April 2010, almost a year after she withdrew from her final course, Student # 7 contacted the Institute in order to complete her program of study. She told her Program Director that she was interested in securing work experience in an academic environment in order to qualify for employment at a college or university as a lab assistant. At the time Student # 10 made her request, the Institute did not have any external externship sites that could provide the requested type of work environment. The Institute's Program Director permitted Student #10 to repeat her Externship Course as a Lab Assistant on campus. The student completed her final course and graduated from her program.

Fortis Institute has graduated 190 students from its Bio-technician Program. Only three students have ever been permitted to complete their Externship Course on campus. All three (3) instances occurred between 2008 & 2010 and the Institute no longer permits this type of accommodation under any circumstances.

As requested, the Institute contacted Ms. Kathleen Alexander of the New Jersey Department of Education and on June 25<sup>th</sup>, in an email communication to Ms Gloria Green of the US Department of Education, Ms Alexander states: "After extensive research, the original program submission has been located and does approve a 180 hour externship for the Bio-technician program offered at Berdan Institute which is now Fortis Institute. The State of New Jersey views externships as opportunities for students to apply learned skills in the workplace with hopes of gaining experience and perhaps a position. When a student requests and agrees to an internship/externship to be delivered at the school site the State of New Jersey would agree to this contract provided the school has the resources to deliver an externship experience internally. Fortis Institute does meet those criteria under the conditions that Mrs. Mahoney agreed to."  
(See Exhibit 3A)

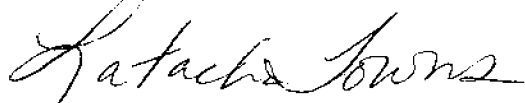
4. **Recommendation:** During the course of the Program Review, the reviewers identified two instances of inaccurate counting of the number of days in the students' modules. The identified errors for students # 2 and # 7 caused Title IV disbursement errors which were immediately corrected during the review.

**Response:** The Institute has reviewed the identified concern with the appropriate staff who schedule classes and create the Institute's academic calendar. The Institute has taken initial steps to standardize its calendar to eliminate the multiple variations. The Institute's administration and staff believe the actions taken will ensure that the days used to calculate and re-calculate Title IV aid will be accurate. Attached please find the Institute's revised Credit Hour Return to Title IV Calculation procedure which is directly linked to the number of day in each payment period.  
(See Exhibit 4A)

I would recommend adding two items to the R2T4 policy and procedure. Since it is a procedure, the institution must continue to calculate R2T4 until the end of the term for a student who withdrew to determine if any post-withdrawal disbursement is due the student. The R2T4 calculation is maintained in the student's file. Second, I would add under PWD, that the student or parent has 14 days from the date of notification to confirm a loan disbursement. (34 CFR 668.22(a)(5)).

Thank you very much for the courtesy shown during the review and for assisting us to resolve the findings in the report and improve our administration of the Title IV Student Assistance Programs. Please do not hesitate to call me if you have any questions or concerns regarding our response

Sincerely,



Latacha Towns  
Financial Aid Director

Cc Mr. Duncan Anderson, President/CEO  
Mr. Wes Liebig, Campus President  
Mr. Frederick Wilson, Vice President for Finance